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From: Sammy Levis
Sent: Monday, February 14, 2005 7:55 PM
To: 'Ryan Schaper'
Subject: RE: Follow-up to prior response

The day of the valuation (as of mark to market) we use Libor at the end of the last day of the quarter. The reprising dates are all over. Some before and some after. Most of them, reprise after. So cash wise, we may be paying a lower Libor spread than the actual higher Libor (if Libor moved up). In other words, contractually, we may be paying in a lot of cases a lower rate than the Libor used for the valuation in.

-----Original Message-----

From: Ryan Schaper [mailto:RSchaper@FarallonCapital.com]
Sent: Monday, February 14, 2005 2:56 PM
To: Sammy Levis
Subject: Re: Follow-up to prior response

Sorry for so many questions, but I have another follow up related to your general process, not specific to your numbers.

Regarding the spot Libor assumption you use for your valuation (quarterly revaluation) of the IOs on the balance sheet, do you use the average 3MLibor in a quarter, or do you use end of quarter Libor spot or the beginning of quarter Libor spot? Every mortgage company I look at does this differently.

Also, do your floating rate loans you issue related to the IOs reprice on the first day of the quarter, or the last day, or at some other time?

Thanks

Sent from my BlackBerry Wireless Handheld

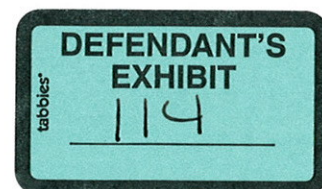
-----Original Message-----

From: Sammy Levis <Sammy.Levis@doralfinancial.com>
To: Ryan Schaper <RSchaper@FarallonCapital.com>
CC: Ricardo Melendez (DFC Contabilidad) <Ricardo.melendez@doralfinancial.com>
Sent: Mon Feb 14 08:08:49 2005
Subject: Follow-up to prior response

Forgot to tell you about new originations. In all new contracts, there are caps. Each cap is negotiated separately on a case by case, but in general, the caps are about 150-200 basis points of today's yield to investors and way below the WAC of the mortgages. FD regulations prohibit going into more details until 10k is out. Thanks for your understanding.

Mario "Sammy" Levis
Senior EVP & Treasurer
Doral Financial Corporation
1451 F.D. Roosevelt Ave.
San Juan, PR 00920
Tel. (787) 474-6708
Fax (787) 474-6883

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